

LEASE

THIS LEASE entered into as of this 24 day of September, 1984 between DOUGLAS MANAGEMENT COMPANY, an Alaska corporation ("Landlord") and CENTRAL ALASKA MARINE LINES, INC., a Washington corporation ("Tenant"),

WITNESSETH

For and in consideration of the mutual promises, covenants and conditions set forth herein, the parties agree as follows:

1. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, a portion of that certain improved real property located in Seattle, King County, Washington which is described more particularly in Exhibit A hereto (the "Premises"). A diagram of the Premises is attached hereto as Exhibit B. Exhibit B shows a dock and an area designated as common area. Use of the dock is governed by the terms of paragraph 14 hereof. The common areas will be used in common with Landlord and Landlord's designees. Tenant shall not use Landlord's scales without Landlord's prior consent and the payment of the fee specified by Landlord therefor.

2. Term. This Lease shall be for a term of ~~one (1)~~ <sup>YEAR TO</sup> year, commencing on October 1, 1984 and terminating on September 30, 1985, unless sooner terminated in accordance with the terms hereof. JH  
MC

3. Use Fee. Tenant shall pay Landlord a use fee per short ton of freight moved across the dock portion of the Premises. This fee will be \$2.50 per short ton shipped outbound across the dock by Tenant or its agents and \$1.25 per ton unloaded by Tenant or its agents onto the dock. The fee for each shipment will be based on the load manifest of the stevedoring company performing the loading work and will be payable upon the earlier of (a) thirty (30) days from the shipment or (b) prior to commencing the loading or unloading of the next vessel, either inbound or outbound.

4. Deposit. Tenant has deposited with Landlord the sum of Twelve Thousand Five Hundred Dollars (\$12,500). This sum shall belong to Landlord and shall constitute partial consideration for the execution of this Lease. Landlord shall credit this deposit to the payment of the first use fees payable hereunder, but in no event shall the deposit be refunded.

5. Use. Tenant may use the Premises for loading, unloading, shipping, storage and related purposes, but for no other purpose without Landlord's express prior written consent. Tenant covenants that it will use the Premises as its exclusive loading and unloading and shipping point in Puget Sound. Tenant shall not use or permit the Premises or any part thereof to be used in violation of any federal, state, county or municipal law, rule, regulation, or ordinance.

6. Condition of Premises; Maintenance, Return.

(a) TENANT ACKNOWLEDGES THAT IT HAS INSPECTED THE PREMISES PRIOR TO THE EXECUTION HEREOF, IS SATISFIED WITH THE CONDITION THEREOF AND ACCEPTS THE PREMISES IN THEIR PRESENT CONDITION, AS IS, WITHOUT REPRESENTATIONS OR WARRANTIES BY LANDLORD OF ANY KIND OR NATURE, EXPRESS OR IMPLIED.

(b) Tenant agrees that Landlord shall have no obligation to maintain or repair the Premises or any part thereof whatsoever, it being expressly understood that Tenant, at its sole expense shall keep them in a neat and clean condition and in compliance with applicable laws.

(c) Upon termination of the Lease, Tenant shall return and surrender the Premises, clean and in good order, repair and condition, ordinary wear and tear excepted. Tenant shall be obligated to remove all improvements which it made to the Premises, unless otherwise directed by Landlord, and to restore the Premises to the condition it was in prior to the installation of such items, repairing any damage caused by their removal. This duty shall survive termination of this Lease.

7. Alterations and Improvements. Tenant shall not make any alterations, additions or improvements in or to the Premises without first providing Landlord with the plans and specifications therefor and obtaining Landlord's prior written consent thereto. All such alterations, additions and improvements consented to by Landlord shall be made at Tenant's sole expense. Tenant shall secure any and all governmental permits and consents required in connection with such work; shall keep the Premises free from liens; and shall indemnify, defend and hold Landlord harmless from any and all claims, suits, liabilities, damages, expenses and losses resulting from such work.

8. Taxes. Tenant shall pay before delinquency all personal property and other taxes on all property and inventory which it or its agents maintain on or attach to the Premises. Tenant shall also pay all taxes other than income taxes, which

are due as a result of the fees paid or payable under terms of this Lease.

9. Utilities; Security. Tenant shall pay when due for all electricity, garbage, water, sewer, telephone, and other utilities and services furnished to, charged against or consumed on the Premises at Tenant's direction or for Tenant's benefit during the term hereof. Tenant shall also pay all fees for establishing such accounts in Tenant's name and for installing any meters necessary to separately meter such utilities to the Premises. Tenant shall reimburse Landlord upon demand for one-third (1/3) of the costs incurred by Landlord in providing security to the Premises and adjacent property owned by Landlord.

10. Indemnification; Insurance.

(a) Landlord shall not be liable for any injury to any person, or for any loss of or damage to any property (including property of Tenant) occurring in or about the Premises from any cause whatsoever. Tenant shall indemnify and save Landlord, its officers, agents, employees and contractors harmless from all loss, damage, liability or expense (including attorneys' fees and other costs incurred in connection with litigation or the defense of claims, whether claims involve litigation) resulting from any actual or alleged injury to any person or from any actual or alleged loss of or damage to any property arising out of Tenant's operation or occupation of the Premises or caused by or resulting from any act or omission of Tenant or any licensee, assignee, subtenant or concessionaire, or of any officer, agent, employee, guest, invitee or visitors of any such person in or about the Premises or from Tenant's breach of its other obligations hereunder. The indemnification provided for in this paragraph with respect to any acts or omissions during the term of this Lease shall survive any termination or expiration of this Lease. Tenant shall promptly notify Landlord of casualties or accidents occurring in or about the Premises.

(b) Tenant shall, at its own expense, maintain comprehensive general liability insurance, with broad form endorsement, in effect with respect to the Premises with minimum limits of \$1,000,000 (per occurrence) for property damage and minimum amounts of \$5,000,000 (per accident) for personal injuries, to indemnify both Landlord and Tenant against any such claims, demands, losses, damages, liabilities and expenses. Tenant shall also carry the additional coverage specified in Exhibit C hereto. Landlord shall be named as one of the insureds and shall be furnished with a copy of such policy or policies of insurance prior to the commencement

hereof. The policies shall bear an endorsement that the same shall not be cancelled without thirty (30) days' prior written notice to Landlord. During the Lease term Tenant, at its own expense, shall maintain insurance covering all personal property, equipment and inventory which it places or stores on the Property in an amount equal to the full insurable value thereof, insuring against fire and risks covered by a standard extended coverage endorsement. If Tenant fails to maintain such insurance, Landlord may do so, and Tenant shall reimburse Landlord for the full expense so incurred upon demand. Insurance required under terms of this paragraph shall (a) be issued by insurance companies authorized to do business in the State of Washington and having a financial rating of at least A+, Class XII status, as rated in the most recent edition of Best's Insurance Reports, or with companies otherwise acceptable to Landlord; (b) be issued as a primary policy, or under the blanket policy, not contributing with and not in excess of coverage which Landlord may carry; and (c) with a contractual endorsement covering Tenant's indemnification duty.

11. Fire or Other Casualty. If the improvements on the Premises are at any time or times during the continuance of this Lease damaged or destroyed by fire or other casualty due to the negligent or intentional acts of Tenant or its employees, contractors or agents, Tenant, with all reasonable dispatch and diligence, shall repair, reconstruct or replace such buildings or improvements upon the same general plans and dimensions as before the occurrence of each fire or other casualty. All such repairs, reconstruction or replacement shall be at the sole cost and expense of Tenant, and, upon the completion thereof, shall be free and clear of all liens and encumbrances of any nature whatsoever, including mechanics' liens.

12. Assignment or Sublease. Tenant shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the prior written consent of Landlord which may be withheld in Landlord's sole discretion. If Landlord consents to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without Landlord's consent. No such assignment or sublease shall relieve Tenant from its primary liability hereunder.

13. Access. Tenant will allow Landlord access to the Premises at all times for the purpose of inspections, for use of the dock and all common areas, and for making repairs,

additions or alterations to the Premises which Landlord elects to make, but access this shall not be construed as an agreement on the part of Landlord to make any repairs, additions or alterations.

14. Dock Usage. Landlord and its affiliates shall have preferential rights with respect to the use of the dock on the Premises. All dock usage shall be scheduled in advance through Landlord or its designated agent, and Tenant agrees to abide by the schedule so established by Landlord or its designated agent. If Landlord is able to build a second dock on the Premises during the term hereof, then Tenant shall have preferential rights with respect to the second dock during the remainder of the term hereof, subject, however, to continued compliance with prescheduling requirements.

15. Eminent Domain. If the whole of the Premises is taken by any public, governmental or other authority under the power of eminent domain or transferred under threat thereof, then this Lease shall terminate as of the date possession is taken by such authority and the rent shall be paid up to that date. If only a part of the Premises is taken, and the remainder not so taken remains tenantable for the purposes for which Tenant has been using the Premises, then this Lease shall continue in full force and effect as to the remainder of the Premises and all of the terms herein provided shall continue in effect, except that the rental shall be reduced equitably, and Landlord at its expense shall make all necessary repairs and alterations to the Premises required by such taking, but only to the extent of awarded damages available to it for such repairs. All damages awarded for such taking shall belong to and be the property of Landlord whether such damage shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Premises. The term "eminent domain" as used in this paragraph shall include the exercise of any similar governmental power and any purchase, transfer or other acquisition in lieu thereof.

16. Compatability. One of the critical factors in Landlord's agreement to lease the Premises to Tenant was the general compatability of Tenant's proposed usage of the premises with Landlord's use of the common area and dock portions thereof and with Landlord's use of its adjoining property. Part of this compatability is due directly to the fact that such operations are both non-union. Tenant acknowledges that any disruption of Landlord's activities on the Premises and adjoining property will have a material negative economic impact upon Landlord. Accordingly, Tenant agrees that if Landlord's activities on the Premises should be disrupted due to the actions or inactions of Tenant or its employees or agent, including, but not limited to, disruptions

attributable to picketing, strikes, lockouts, labor disturbances, boycotts or other similar causes, Landlord may elect to terminate this Lease on ten (10) days prior written notice at any time thereafter. Tenant covenants to keep Landlord fully advised of Tenant's problems which could potentially impact operations on the Premises.

17. Default.

(a) If (i) any fees or other payments due from Tenant hereunder remain unpaid for more than ten (10) days after the date due and payable, (ii) if (A) Tenant makes an assignment for the benefit of, or a general arrangement with, creditors; (B) there is filing of a petition in bankruptcy by or against Tenant which is not dismissed within thirty (30) days of filing; (C) if Tenant becomes insolvent; or (D) if a receiver, trustee or liquidating officer is appointed for Tenant's business; or (iii) if Tenant violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach, then Landlord may, at its option, declare this Lease forfeited and the term hereof ended, or without terminating this Lease, reenter and attempt to relet the Premises. If Landlord, without terminating this Lease elects to re-enter and attempts to relet, then Tenant authorizes Landlord to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such fees or rentals and upon such other terms and conditions as Landlord in its sole discretion deems advisable. Upon each such reletting, all fees received by Landlord from such reletting shall be applied, first, to the payment of any amounts other than fees due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorneys' fees; third, to the payment of fees due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied to payment of future fees as the same may become due and payable hereunder. If fees received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord, and Tenant covenants and agrees to pay Landlord for all other expenses resulting from its default, including, but not limited to, brokerage commissions and the reasonable cost of converting the Premises for the next tenant. Delinquent fees and other amounts due hereunder shall bear interest at the rate of eighteen percent (18%) per annum from the date due until paid.

(b) In the event of any entry in, or taking possession of, the Premises Landlord shall have the right, but not the obligation, to remove from the Premises all personal property located therein, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Tenant, after it has been stored for a period of ten (10) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums which may then be due from Tenant to Landlord under any of the terms hereof.

18. Attorneys Fees. If either party commences any action to enforce any provision of this Lease or protect its interests in or to the Premises, the prevailing party therein covenants to pay the other party's costs and expenses, including reasonable attorneys fees, incurred in such proceeding.

19. Waiver of Subrogation. Tenant and Landlord each releases the other, and its employees, agents, and representatives, from liability and waives its entire right of recovery against the other for loss or damage occurring in or about the Premises from losses that are insured against under fire and all-risk insurance policies, including extended coverage endorsements, carried by the parties. Each party agrees that each such insurance policy obtained by it with respect to the Premises shall include a waiver by the insurer of its subrogation rights for such losses and damages. The foregoing mutual waivers shall be effective only so long as such waivers are available in the State of Washington and do not invalidate the insurance coverage.

20. Notices. All notices required or permitted hereunder shall be in writing and may be either delivered personally or mailed. If mailed, they shall be sent by postage prepaid certified or registered mail to Landlord at P.O. Box 58888, Seattle, Washington 98188 and to Tenant at the Premises, or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed shall be conclusive evidence of the date of mailing.

21. Limitation of Liability. Tenant agrees to look solely to the rents, income and profits from the Premises for the satisfaction of any judgment or decree against Landlord based upon or rising in connection with this Lease, and no other property of Landlord shall be subject to levy, execution

or other enforcement procedure for satisfaction of any such judgment or decree.

22. Inability to Perform; Lease Termination. This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor trouble, acts of God, or any other cause beyond the reasonable control of Landlord. As a portion of the Premises are leased by Landlord, if such Lease is terminated, and such termination would materially disrupt Tenant's operations on the Premises, then Tenant may terminate this Lease upon ten (10) days prior written notice to Landlord.

23. Recordation. This Lease shall not be recorded, but upon the request of either party a memorandum hereof shall be executed and recorded at the expense of the requesting party.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

DOUGLAS MANAGEMENT COMPANY ("Landlord")

By Wm. H. H. H. H.  
Its PRESIDENT

CENTRAL ALASKA MARINE LINES, INC. ("Tenant")

By Michael Crowson  
Its General Manager



STATE OF WASHINGTON       )  
                                  ) ss  
COUNTY OF KING            )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1984, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_ to me known to be the \_\_\_\_\_ of Douglas Management Company, the corporation named in and which executed the foregoing instrument; and he acknowledged to me that he signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized so to do, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington, residing at \_\_\_\_\_

STATE OF WASHINGTON       )  
                                  ) ss  
COUNTY OF KING            )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1984, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_ to me known to be the \_\_\_\_\_ of Central Alaska Marine Lines, Inc., the corporation named in and which executed the foregoing instrument; and he acknowledged to me that he signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized so to do, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington, residing at \_\_\_\_\_

EXHIBIT "A" TO LEASE  
(DOUGLAS MANAGEMENT COMPANY-CENTRAL ALASKA  
MARINE LINES, INC.)

PARCEL 1:

Lots 7 and 8 in Block 1 of Portland and Puget Sound Railway Addition, as per plat recorded in Volume 5 of Plats, page 74, records of King County; Situate in the County of King, State of Washington, and

A portion of the abandoned bed of Duwamish River in the Northwest 1/4 of Section 29, Township 24 North, Range 4 East, W.M., lying Southwesterly of the Southwesterly margin of the Commercial Waterway District No. 1 right of way; lying Northerly of the Government Meander Line on the left bank of the Duwamish River; and lying Easterly of the right of way conveyed by Commercial Waterway District No. 1 to State of Washington Highway Department, dated July 3, 1953, and recorded under Auditor's File No. 4362487, records of King County; and

That portion of Section 29, Township 24 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the Westerly margin of Commercial Waterway District #1 right of way with the Government Meander Line in front of Government Lot 8 in said Section 29; thence South 86°35'52" West along said Meander Line 415.98 feet to an angle point in said Meander Line; thence North 67°30'20" West along said Meander Line 20.66 feet to the true point of beginning; thence South 22°29'40" West 49.24 feet; thence North 59°40' West 44.13 feet to a point on the Easterly line of the right of way conveyed to the State of Washington by deed recorded under Auditor's File No. 4362487; thence North 0°03'06" East along said right of way line to a point from which the true point of beginning bears South 67°30'20" East; thence South 67°30'20" East to true point of beginning;

SUBJECT TO judgment entered into September 27, 1974, in the case of Jack Trotsky, et ux, et al., v. John Farrell, et ux, et al., King County Superior Court Cause No. 732439,

Situate in the City of Seattle, County of King, State of Washington.

EXHIBIT "C" TO LEASE .

(DOUGLAS MANAGEMENT CO. - CENTRAL ALASKA  
MARINE LINES, INC.)

---

1. In addition to the insurance specified in the annexed Lease (the "Lease") between DOUGLAS MANAGEMENT COMPANY, as landlord ("Landlord") and CENTRAL ALASKA MARINE LINES, INC., as tenant ("Tenant"), Tenant agrees that

(1) Tenant will, at its own expense, maintain, or cause to be maintained in effect the following insurance with respect to tugs, barges and other vessels which call at Premises at Tenant's request during the term hereof:

(a) Marine Protection and Indemnity insurance or equivalent liability insurance, in the minimum amount of \$5,000,000 per occurrence;

(b) Workmen's Compensation insurance and United States Longshoremen's and Harbor Workers' Act insurance for statutory amounts;

(c) Water Quality Insurance Syndicate insurance and third-party pollution liability insurance as from time to time specified by Landlord;

(d) Towers liability insurance in broadest form available in the market in minimum amount of \$5,000,000 per occurrence; and

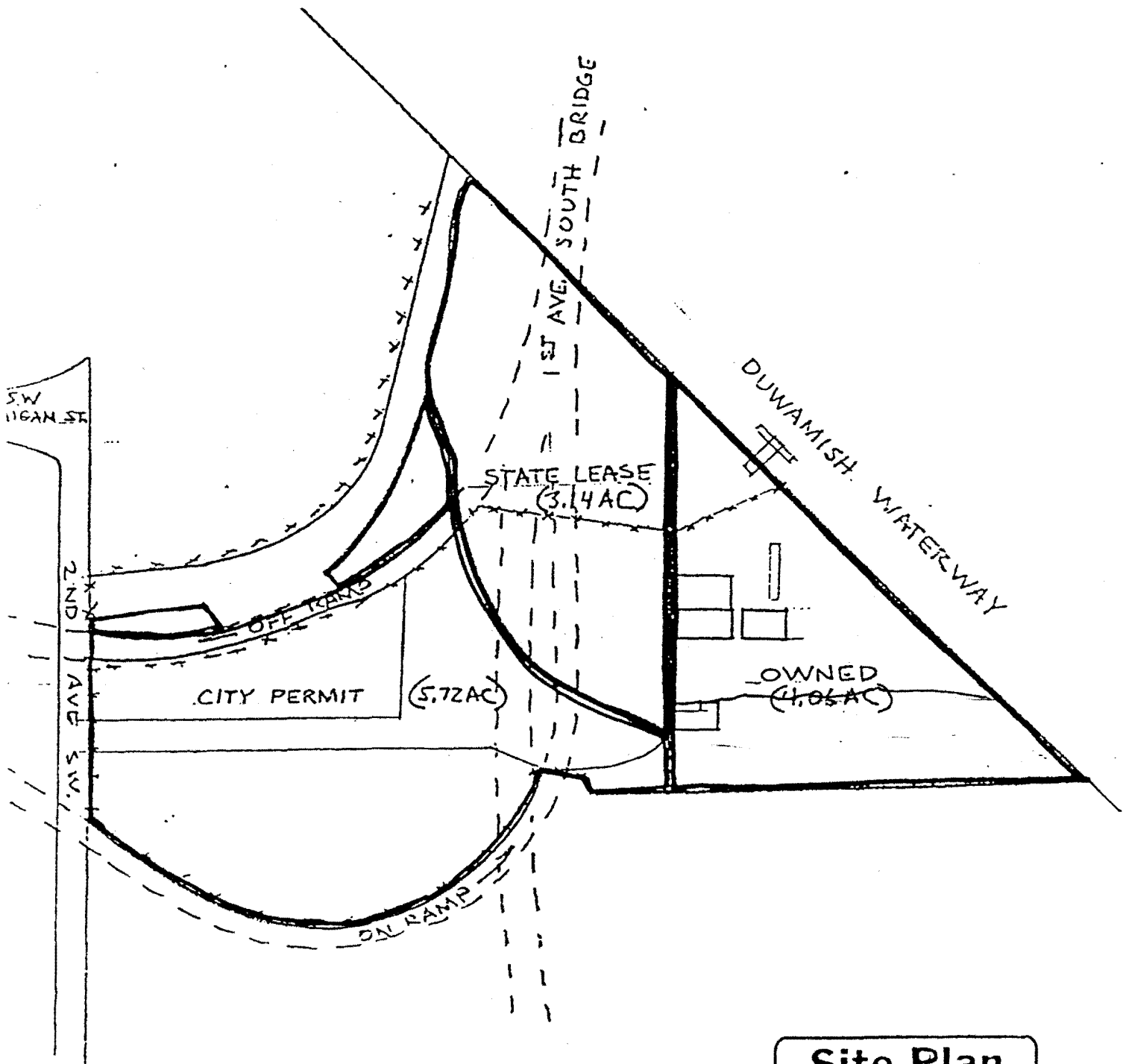
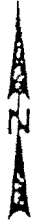
(e) Insurance against any other risks or liabilities as from time to time specified by Landlord.

2. All policies of insurance specified in paragraph 1 above shall be maintained in the broadest forms available from underwriters approved by Landlord, effected by an insurance broker approved by Landlord, and contain conditions, terms, stipulations, insuring covenants and deductibles or franchises satisfactory to Landlord. All policies, binders and interim contracts of insurance shall provide for fifteen (15) days prior telegraphic notice, confirmed by letter, to be given to Landlord at its office in Seattle, Washington, by the underwriters in the event of amendment, alteration or cancellation. Executed copies of the originals of all policies, amendments, endorsements, binders and other interim insurance contracts shall be deposited with Landlord. All policies, amendments,

endorsements, binders and other interim insurance contracts shall name Landlord as an additional assured and as loss payee. All workmen's compensation and United States Longshoremen's and Harbor Worker's Act insurance shall contain a waiver of all rights of subrogation against Landlord and its affiliates.

3. Tenant shall also maintain the insurance referenced in paragraph 1(b) above in effect with respect to all of its employees and agents on the Premises during the term hereof and comply with the terms of paragraph 2 above with respect to such coverage.

EXHIBIT "B" TO LEASE  
(DOUGLAS MANAGEMENT COMPANY-CENTRAL ALASKA  
MARINE LINES, INC.)



Site Plan

